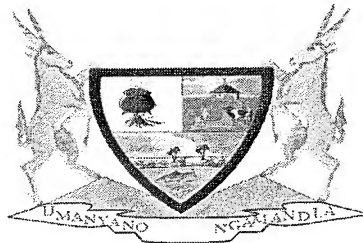


**DRAFT ANNUAL BUDGET OF**

# **MBIZANA LOCAL MUNICIPALITY**



**2015/16 TO 2017/18**

## **MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

**Copies of this document can be viewed:**

- **In the mayor's office, and office of the Municipal Manager**
- **Municipal library**
- **At [www.mbizana.gov.za](http://www.mbizana.gov.za)**

## Table of Contents

<b>PART 1 – ANNUAL BUDGET</b>	<b>2</b>
1.1 MAYOR'S REPORT	2
1.2 COUNCIL RESOLUTIONS	3
1.3 EXECUTIVE SUMMARY	4
1.4 OPERATING REVENUE FRAMEWORK	7
1.5 OPERATING EXPENDITURE FRAMEWORK	22
1.6 CAPITAL EXPENDITURE	25
1.7 ANNUAL BUDGET TABLES	26
<b>2 PART 2 – SUPPORTING DOCUMENTATION</b>	<b>37</b>
2.1 OVERVIEW OF BUDGET RELATED-POLICIES	37
2.2 COUNCILLOR AND EMPLOYEE BENEFITS	39
2.3 MUNICIPAL MANAGER'S QUALITY CERTIFICATE	40

## List of Tables

Table 1 Consolidated Overview of the 2015/16 MTREF	6
Table 2 Summary of revenue classified by main revenue source	9
Table 3 Percentage growth in revenue by main revenue source	10
Table 4 Operating Transfers and Grant Receipts	11
Table 5 Comparison of proposed rates to be levied for the 2015/16 financial year	13
Table 6 Comparison between current waste removal fees and increases	15

## List of Figures

No table of figures entries found.

## Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

The Mbizana Local Municipality is tasked with providing services and other amenities to its communities. This includes, amongst other things, creation maintenance of infrastructure assets like access roads, community halls, sports fields and other assets. The municipality is also tasked with facilitating economic growth within its area and ensuring that there is employment for its citizens and thereby reducing poverty and dependence on grants.

These are all important aspects of the responsibilities of a municipality, but these all require financial and other resources. All these responsibilities compete for the same limited resources, be it personnel, financial and others. It is against this background that a municipality needs to plan and make priorities so that at some point, all that can be achieved with the limited resources is done and is efficient and effective.

The Municipal Finance Management Act No. 56 of 2003 requires that a budget be prepared and tabled as a draft before the council at least 90 days before the start of a financial year. This means therefore that the budget must be tabled to council on or before the 31 March for the following period. We are therefore presenting this draft budget to the Council of Mbizana Local Municipality.

In the medium term, the municipality is faced with serious electrification backlogs that it needs to address. Significant strides have been made in ensuring that communities have access to electricity and a number of villages are being electrified currently. These would include Mathwebu, Ngqubushini, Tsawana, Mgodini and others. There is still a long way to go regarding electrification of other villages that must still happen within the confines of available funds. Funds have been solicited from the Development Bank of Southern Africa but for the speeding up of electrification using the front loading mechanism. This is still not nearly enough to realise our goals but we keep looking at various options that would ensure that all communities have access to electricity.

Apart from this, the access roads network needs constant maintenance and we do not receive any grant funding for maintenance of roads. The municipality has to make means to ensure the communities have acceptable levels of access roads so that they can reach schools, clinics and hospitals, and other economic hubs.

Whilst maintenance remains important, creation of new roads infrastructure networks remains a priority for the municipality and as much as utmost is done to fund these on our own funding, we still rely heavily on the Municipal Infrastructure Grant.

Local Economic Development remains high on the agenda of the municipality and the tabled budget tries to address the facilitation of economic growth within the municipality. This is done through the supporting of sustainable anchor projects, entrepreneur and enterprise

developments and conducting of various studies that ultimately ensure economic vibrancy of our people.

## 1.2 Council Resolutions

The draft annual budget for the 2015/16 financial period and the medium term revenue and expenditure framework is being tabled to the council of Mbizana Local Municipality and give below are the resolutions that need to be taken when the final budget is approved for implementation from July 01, 2015.

1. The Council of Mbizana Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 14;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 15 ;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 9; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 12.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 18;
    - 1.2.2. Budgeted Cash Flows as contained in Table 19;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 11;
2. The Council of Mbizana Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015:
  - 2.1. the tariffs for property rates – as set out in Table 5,
  - 2.2. the tariffs for electricity – as set out in 1.4.1.2
  - 2.3. the tariffs for solid waste services – as set out in Table 6
3. The Council of Mbizana Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015 the tariffs for other services, as set out in Annexure G1 to G21 respectively.
4. To give proper effect to the municipality's annual budget, the Council of Mbizana Local Municipality approves:

- 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed.
- 4.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2015/16 financial year limited to an amount of per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.
- 4.3. That the Accounting Officer be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

### 1.3 Executive Summary

The Mbizana Local Municipality has committed itself to providing services to the communities it serves. This must therefore be reflected in the Integrated Development Plan of the municipality and the budget should as well give effect to the plans as indicated. The compiled budget is a multi-year budget, and as such it appropriates funds over those years. Therefore service delivery needs to be priorities over the multi years as we cannot have enough funds to do all the projects in one financial year.

The Municipal Infrastructure Grant, as a multi-year allocation, has allocated R46,7 million, R48,5 million and R51,2 million for the 2015/16, 2016/17 and 2017/18 financial periods respectively. A list prioritised projects has been set for the financial periods and for 2015/16 financial period and the MTREF as shown in the annexure to the budget document.

Mbizana Local Municipality has set aside funding from own revenue to be able to realise some of the capital project initiatives. These have also been spread over two to three years to cater for the availability of funds whilst achieving what the council has set out to achieve. The following budgetary allocations have been made:-

- Majazi Access Road : R3million has been made available for the construction of an access road to the land fill site as the trucks travelling to it cannot drive through the households as per the requirements of the EIA;
- Municipal Offices : An adjacent building to the new office building is planned, and for design purposes, R800,000.00 has been set aside, with construction forecast for the 2016/17 financial period;
- Bizana Asphalt Phase 4 : In continuing to build the internal streets of the town area of Mbizana, an amount of R5million has been set aside to ensure that we deal with the issue of pothole littered streets;
- CBD Storm Water Phase 2 : The water drainage system in the town has been problematic in the recent past and R1million is set aside to ensure that the work that has been started, covers even the areas that have not been covered by the current Storm water project.
- Thalen Structural Bridge : A permanent structural bridge needs to be constructed and in the 2015/16 financial period, only the design fees have been provided with construction planned for the next financial year.

- Maintenance of gravel access roads : R17million has been set aside for the maintenance of gravel access roads in and around Mbizana Local Municipality in the 2015/16 financial period.
- Electrification of Mpindweni : The electrification of Mpindweni village has been budgeted for, for R1million.

National Treasury's MFMA Circular No. 74 and 75 and other prior budget circulars were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities;
- The increased cost of bulk electricity (due to anticipated tariff increases by Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable. This is also coupled with the losses that we continue to experience in the distribution of electricity and the link line that is not capable to carry the load of the town area;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies; and
- Availability of affordable capital/borrowing. We have in the 2014/15 financial period received a front loading arrangement with the DBSA but it is not without its own difficulties.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2015/16 MTREF**

MBIZANA LOCAL MUNICIPALITY						
DRAFT BUDGET SUMMARY BY SOURCE AND EXPENDITURE BY TYPE						
Mar-15						
REVENUE				2015-18 MTREF		
TYPE	2012/13 AUDITED OUTCOME	2014/15 BUDGET	ADJUSTED BUDGET 2014/15	2015/16 BUDGET	2016/17 BUDGET	2017/18 BUDGET
Property Rates	7 379 666.24	15 000 000.00	15 000 000.00	-23 320 000.00	-24 719 200.00	-26 202 352.00
Service Charges - Electricity	15 115 789.81	33 327 582.00	20 711 939.00	-25 689 000.12	-28 946 188.52	-32 616 549.39
Service Charges - Refuse	984 743.00	1 200 000.00	1 200 000.00	-2 001 250.80	-2 121 325.85	-2 248 605.40
Service Charges - Other	7 831.00	11 194.00	11 194.00	-11 731.00	-12 434.86	-13 180.95
Agency Services	586 835.08	848 631.00	878 631.00	-687 090.79	-728 316.24	-772 015.21
Rental of Facilities & Equipment	847 381.99	729 107.00	779 107.00	-795 908.57	-843 663.09	-894 282.87
Fines	217 571.93	527 400.00	1 327 400.00	-1 257 115.99	-1 332 542.94	-1 412 495.52
Licences & Permits	1 143 597.71	2 333 303.00	2 333 303.00	-2 040 969.30	-2 163 427.46	-2 293 233.11
Interest Earned - External Investments	4 827 019.92	5 026 268.00	7 026 268.00	-6 703 552.06	-7 105 765.18	-7 532 111.09
Interest Earned - Outstanding Debtors	363 601.78	97 342.00	117 342.00	-1 082 706.41	-1 147 668.80	-1 216 528.92
Loan Advance	0.00	45 000 000.00	45 000 000.00	0.00	0.00	0.00
Grants & Subsidies Rec'd - Operational	109 206 919.20	151 396 600.00	154 686 800.00	-187 613 150.00	-185 747 300.00	-179 500 450.00
Grants & Subsidies Rec'd - Capital	64 201 983.25	67 142 400.00	67 247 868.00	-69 443 850.00	-71 156 700.00	-78 724 550.00
Gains on Disposal of PPE	0.00		0.00	0.00	0.00	0.00
Other Revenue	423 945.01	1 172 042.00	1 845 915.00	-1 175 555.15	-1 246 088.46	-1 320 853.77
From Own Reserves		50 827 708.00	86 797 608.00			
<b>TOTAL</b>	<b>205 306 885.92</b>	<b>374 639 577.00</b>	<b>404 963 375.00</b>	<b>-321 821 880.19</b>	<b>-327 270 621.40</b>	<b>-334 747 208.24</b>
EXPENDITURE						
Employee Related Costs	42 705 756.06	73 042 317.00	66 277 577.95	78 598 118.19	82 921 427.31	87 316 262.95
Remuneration of Councillors	15 069 835.59	18 466 288.00	18 466 288.00	19 537 333.03	20 611 886.35	21 704 316.33
Debt Impairment	4 582 466.23	4 035 962.00	4 035 962.00	2 000 000.00	2 200 000.00	2 420 000.00
Bulk Purchases - Electricity	16 250 966.00	20 470 688.00	20 470 688.00	22 120 625.55	23 903 547.97	25 830 173.94
Interest Paid	0.00	1 350 000.00	1 350 000.00	1 428 300.00	1 506 856.50	1 586 719.89
Depreciation & Asset Impairment	30 067 523.49	30 067 523.00	30 067 523.00	20 500 000.00	22 550 000.00	24 805 000.00
Grants & Subsidies Given	614 105.65	3 500 000.00	3 500 000.00	3 696 000.00	3 899 280.00	4 105 941.84
General Expenses	31 496 679.90	62 879 430.00	74 816 825.00	77 404 564.57	78 930 753.23	80 484 398.24
Repairs & Maintenance	5 854 785.58	20 299 140.00	29 740 140.00	23 509 200.00	24 802 206.00	26 116 722.92
Loss on Disposal of PPE	2 456 708.00		0.00	0.00	0.00	0.00
Contributions to Capital	37 868 462.14	171 421 285.00	187 341 855.00	93 527 738.84	88 584 664.04	85 380 842.13
Contribution to Provisions	1 520 484.88	3 000 000.00	3 000 000.00	2 000 000.00	2 110 000.00	2 221 830.00
<b>TOTAL</b>	<b>188 487 773.52</b>	<b>408 532 633.00</b>	<b>439 066 858.95</b>	<b>344 321 880.18</b>	<b>352 020 621.40</b>	<b>361 972 208.24</b>
Profit/(Loss)	16 819 112.40	-33 893 056.00	-34 103 483.95	-22 500 000.00	-24 750 000.00	-27 225 000.00

The consolidated overview shows differing impacts in various aspects of the budget. The total budget has significantly decreased from R439 million to R344 million due to the fact that in the 2014/15 we had also budgeted for a R45million which was to be received from the DBSA for the electrification of villages. As well in the adjustments budget we had made available some funds from the reserves which we are not doing in the 2015/16 financial period.

Own revenue generation continues to be a challenge for the municipality. The property rates are envisaged to generate more than R23 million and the electricity generation just above R25 million. This sees a significant decrease in the amount envisaged for electricity distribution to



the town area because of the trends that have been observed in the 2014/15 financial year as well as the preceding years.

MBIZANA LOCAL MUNICIPALITY						
DRAFT BUDGET SUMMARY VOTE						
Mar-15						
REVENUE				2015-18 MTREF		
VOTE	2012/13 AUDITED OUTCOME	2014/15 BUDGET	ADJUSTED BUDGET 2014/15	2015/16 BUDGET	2016/17 BUDGET	2017/18 BUDGET
Council & General Expenses	17 390 601.76	0.00	0.00	0.00	0.00	0.00
Mayor's Office	1 332 085.19	0.00	0.00	0.00	0.00	0.00
Municipal Manager	18 231 176.29	0.00	0.00	0.00	0.00	0.00
Speaker	3 493 233.14	0.00	0.00	0.00	0.00	0.00
Budget & Treasury	43 397 824.51	219 387 070.00	258 040 843.00	-215 819 736.95	-216 751 781.17	-212 779 668.04
Corporate Services	14 847 674.53	366 631.00	396 631.00	-216 886.90	-229 900.12	-243 694.12
Development & Planning	4 384 852.32	196 800.00	196 800.00	-144 913.54	-160 308.36	-44 846.86
Community Development	9 743 144.75	3 491 130.00	6 781 330.00	-3 661 767.40	-3 879 473.45	-3 833 461.85
Refuse Removal & Cemetery	6 214 880.33	2 200 000.00	2 200 000.00	-3 036 762.92	-2 158 968.70	-2 288 506.82
Road Works & Engineering	28 817 201.53	46 094 545.00	46 200 013.00	-47 307 747.25	-49 142 232.08	-51 878 606.01
Electricity	57 602 331.52	102 903 402.00	91 147 759.00	-51 634 065.23	-54 947 957.54	-63 678 424.55
<b>TOTAL</b>	<b>205 455 005.87</b>	<b>374 639 578.00</b>	<b>404 963 376.00</b>	<b>-321 821 880.19</b>	<b>-327 270 621.40</b>	<b>-334 747 208.24</b>
EXPENDITURE						
Council & General Expenses	17 390 601.76	23 247 288.00	23 307 288.00	23 910 533.03	25 225 612.35	26 562 569.80
Mayor's Office	1 332 085.19	3 354 662.00	4 554 662.00	3 983 018.00	4 202 083.99	4 424 794.44
Municipal Manager	18 231 176.29	22 947 175.00	22 935 003.08	24 647 165.39	26 002 759.49	27 380 905.74
Speaker	3 493 233.14	5 002 700.00	4 992 700.00	5 695 546.00	6 008 801.03	6 327 267.48
Budget & Treasury	43 397 824.51	53 864 969.00	60 217 022.23	45 788 643.48	47 628 034.72	49 136 171.31
Corporate Services	14 847 674.53	34 720 278.00	34 643 323.94	37 879 911.00	39 963 256.11	39 193 070.58
Development Planning	4 384 852.32	13 290 707.00	11 806 864.88	13 601 533.21	14 356 842.54	14 993 501.19
Community Development	9 743 144.75	26 570 170.00	27 534 719.66	30 865 854.46	32 610 226.46	31 754 719.02
Refuse Removal & Cemetery	6 214 880.33	14 891 510.00	13 480 408.12	15 131 749.29	14 909 408.12	14 588 695.09
Road Works & Engineering	11 998 089.13	100 702 427.00	123 146 503.34	87 854 640.38	87 628 541.92	86 956 013.08
Electricity	57 602 331.52	109 941 022.00	112 448 638.70	54 963 285.93	53 485 054.67	60 654 500.50
<b>TOTAL</b>	<b>188 635 893.47</b>	<b>408 532 908.00</b>	<b>439 067 133.95</b>	<b>344 321 880.18</b>	<b>352 020 621.40</b>	<b>361 972 208.24</b>
Profit/(Loss)	16 819 112.40	-33 893 330.00	-34 103 757.95	-22 500 000.00	-24 750 000.00	-27 225 000.00

The Engineering Services Department still sees a higher percentage because a significant portion of the municipality's service delivery imperatives are located in there. Road works receives a total budget of R87million and the Electricity section receives a budget of R54million.

It should be noted though that a significant portion of the Electricity budget will be utilised to repay the DBSA loan which had been taken out in the 2014/15 financial year. This sees a drastically reduced activity in terms of electrification of villages.

## 1.4 Operating Revenue Framework

For Mbizana Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The

reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipal area and continued economic development;
- Efficient revenue management, supported by the developed Revenue Enhancement Strategy;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

EC443 Mbizana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>									
<b>Revenue By Source</b>										
Property rates	2	6 276	7 199	9 975	15 000	15 000	15 000	23 320	24 719	26 202
Property rates - penalties & collection charges										
Service charges - electricity revenue	2	12 786	15 192	17 576	33 328	20 712	20 712	25 689	28 946	32 617
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	879	985	1 035	1 200	1 200	1 200	2 001	2 121	2 249
Service charges - other		9	8	76	11	11	11	12	12	13
Rental of facilities and equipment		1 804	1 046	809	729	779	779	796	844	894
Interest earned - external investments		3 389	4 827	5 718	5 026	7 026	7 026	6 704	7 106	7 532
Interest earned - outstanding debtors		64	364	495	97	117	117	1 083	1 148	1 217
Dividends received		-	-	-	-	-	-	-	-	-
Fines		277	295	356	527	1 327	1 327	1 257	1 333	1 412
Licences and permits		993	1 145	1 203	2 333	2 333	2 333	2 041	2 163	2 293
Agency services		647	587	618	849	879	879	687	728	772
Transfers recognised - operational		102 647	109 147	131 849	151 397	154 687	154 687	187 613	185 747	179 500
Other revenue	2	1 249	584	2 586	97 000	133 644	133 644	1 176	1 246	1 321
Gains on disposal of PPE										
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>131 022</b>	<b>141 378</b>	<b>172 297</b>	<b>307 497</b>	<b>337 716</b>	<b>337 716</b>	<b>252 378</b>	<b>256 114</b>	<b>256 023</b>

**Table 3 Percentage growth in revenue by main revenue source**

EC443 Mbizana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework				
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	% Growth	Budget Year 2015/16	% Growth	Budget Year +1 2016/17	% Growth	Budget Year +2 2017/18
<b>Revenue By Source</b>													
Property rates	2	6 276	7 199	9 975	15 000	15 000	15 000	55%	23 320	6%	24 719	6%	26 202
Property rates - penalties & collection charges													
Service charges - electricity revenue	2	12 786	15 192	17 576	33 328	20 712	20 712	24%	25 689	13%	28 946	13%	32 617
Service charges - water revenue	2	-	-	-	-	-	-		-		-		-
Service charges - sanitation revenue	2	-	-	-	-	-	-		-		-		-
Service charges - refuse revenue	2	879	985	1 035	1 200	1 200	1 200	0	2 001	6%	2 121	6%	2 249
Service charges - other	9	8	76	11	11	11	11	5%	12	6%	12	6%	13
Rental of facilities and equipment	1 804	1 046	809	729	779	779	779	2%	796	6%	844	6%	894
Interest earned - external investments	3 389	4 827	5 718	5 026	7 026	7 026	7 026	-5%	6 704	6%	7 106	6%	7 532
Interest earned - outstanding debtors	64	364	495	97	117	117	117	823%	1 083	6%	1 148	6%	1 217
Dividends received	-	-	-	-	-	-	-						
Fines	277	295	356	527	1 327	1 327	1 327	-5%	1 257	6%	1 333	6%	1 412
Licences and permits	993	1 145	1 203	2 333	2 333	2 333	2 333	-13%	2 041	6%	2 163	6%	2 293
Agency services	647	587	618	849	879	879	879	-22%	687	6%	728	6%	772
Transfers recognised - operational	102 647	109 147	131 849	151 397	154 687	154 687	154 687	21%	187 613	-1%	185 747	-3%	179 500
Other revenue	2	1 249	584	2 586	97 000	133 644	133 644	-99%	1 176	6%	1 246	6%	1 321
Gains on disposal of PPE													
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>131 022</b>	<b>141 378</b>	<b>172 297</b>	<b>307 497</b>	<b>337 716</b>	<b>337 716</b>	<b>-25%</b>	<b>252 378</b>	<b>1%</b>	<b>256 114</b>	<b>0%</b>	<b>256 023</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The own revenue generation of the municipality is pillared mainly by electricity distribution and levying of property rates. Although the municipality to a larger extent relies on grants, these own revenue sources remain very important and all efforts need to be made to ensure that maximum returns are realised on them.

Property Rates depend on the availability of the valuation roll to be levied. A valuation roll has been finalised although it is under constant challenge from the rate payers. The availability of the valuation roll has meant that a detailed and involved process is followed to determine the tariff to be levied instead of using unreliable methods of calculations. The completion of the valuation roll has seen a significant number of properties being introduced to the property basket and ultimately the property rates basket. This is the main reason there is a significant increase from the R15 million budget to the R23 million in the 2015/16 financial period. This has however seen a significant decrease in the tariffs to be levied to individual properties as will be discussed on tariffs in the further paragraphs to come.

Electricity distribution also forms significant part of the own revenue generation. From the original budget, we had budgeted for over R30million, but in this budget we are budgeting for

R25million. This is informed firstly by the trends we have observed in the previous financial year where we had to revise the budget in the adjustments budget to just over R20 million. Secondly the principle of realistically anticipated revenues has played a significant role in overall reducing the amounts budgeted for Electricity. However, we must hasten to note that this does not take away the efforts that are being undertaken and still need to be done to ensure that the situation is turned around in the section. Accurate and complete billing needs to be realised, all billed revenue needs to be collected and measures be put in place to prevent distribution losses.

**Table 4 Operating Transfers and Grant Receipts**

EC443 Mbizana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		2 240	33 300	147 579	173 185	173 185	172 478	209 919	207 937	206 936
Local Government Equitable Share				124 139	145 251	145 251	144 544	181 314	180 170	173 758
Finance Management		1 450	1 500	1 550	1 600	1 600	1 600	1 675	1 810	2 145
Municipal Systems Improvement		790	800	890	934	934	934	930	957	1 033
EPWP Incentive		-	1 000	1 000	1 000	1 000	1 000	1 000	-	-
Integrated National Electrification Programme		-	30 000	20 000	24 400	24 400	24 400	25 000	25 000	30 000
Other transfers/grants [insert description]										
Provincial Government:		-	-	461	362	3 652	3 652	355	381	-
Various				461	362	3 652	3 652	355	381	-
District Municipality:		-	-	700	-	-	-	-	-	-
Integrated Development Planning				200						
Spatial Development Framework				500						
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	2 240	33 300	148 740	173 547	176 837	176 130	210 274	208 318	206 936

Table 4 shows the operating grants that the municipality has been allocated for the 2015/16 financial period and the MTREF. The Equitable Share has increased significantly to R181 million and the municipality is looking at a grant funding in the excess of R210 million.

### Tariff Setting for the 2015/16 and MTREF Period

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. We are required to justify in our budget documentation all

increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase in Electricity bulk tariffs is far beyond the mentioned inflation target. Given that this tariff increase is determined by external agencies, the impact it has on the municipality's electricity tariffs is largely outside the control of the Municipality. Discounting the impact of this price increase in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### ***1.4.1.1 Property Rates***

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The Property Rates policy is one of the most important documents that we utilise in the determination of property rates. It should be kept in mind though that the Municipal Property Rates Act remains the reference point for this policy.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R40 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy. It should be noted that no further increase in the R40 000 additional rebate that the municipality provides is proposed this year. This is due to the fact that the values of the properties that are targeted will still be covered by the rebates that are proposed as these properties still fall below the R55 000 mark as per the new valuation roll;
- Details of further rebates and reductions are provided in the municipality's Property Rates Policy and the Indigent Policy.

**Table 5 Comparison of proposed rates to be levied for the 2015/16 financial year**

Category	Current Tariff (1 July 2014)	Proposed tariff (from 1 July 2015)
	<b>c</b>	<b>C</b>
Residential properties	0,0053	0,0056
State owned properties	0,0081	0,0086
Business & Commercial	0,0081	0,0086

**1.4.1.2 Sale of Electricity and Impact of Tariff Increases**

National Treasury guided by NERSA has given a guideline on bulk electricity pricing structure. A **14.24 per cent increase** in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2015, with a proposed **12.20 percent** increase on electricity tariffs

**DOMESTIC PREPAID**

TARIFF BLOCK	CURRENT YEAR PROPOSED TARRIF INCREASE		
	CURRENT TARRIF (c/KWh)	PROPOSED TARIFF	
Block 1 (0-50 KWh)	74	85	
Block 2 (51-350 KWh)	93	105	
Block 3 (351-600 KWh)	126	142	

**DOMESTIC CONVENTIONAL (c/KWh)**

TARIFF BLOCK	CURRENT YEAR PROPOSED TARRIF INCREASE		
	CURRENT TARRIF (c/KWh)	PROPOSED TARIFF	
Block 1 (0-50 KWh)	74	85	
Block 2 (51-350 KWh)	93	105	
Block 3 (351-600 KWh)	126	142	
Block 4 (>600 KWh)	148	167	
Basic Charge (R/ Month)	139.61	157.43	

**COMMERCIAL SINGLE PHASE**

CURRENT YEAR PROPOSED TARRIF INCREASE			
	CURRENT TARRIF (c/KWh)	PROPOSED TARIFF	
Basic Charge (R/ Month)	295,32	333.02	
Energy Charge (c/KWh)	128,87	146.08	

**COMMERCIAL THREE PHASE**

CURRENT YEAR PROPOSED TARRIF INCREASE			
	CURRENT TARRIF (c/KWh)	PROPOSED TARIFF	
Basic Charge (R/ Month)	549,14	619.23	
Energy Charge (c/KWh)	123,50	139.26	
Demand Charge (per KVA)	171,82	193.76	

**LARGE POWER USER (More than 100KVA Maximum Demand)**

CURRENT YEAR PROPOSED TARRIF INCREASE			
	CURRENT TARRIF (c/KWh)	PROPOSED TARIFF	
Basic Charge (R/ Month)	928,92	1047.49	
Demand Charge (per KVA)	171,82	194.78	
Energy Charge (c/KWh)	54,77	62.09	



It should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which might have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

It should further be noted that NERSA advised that a stepped tariff structure be implemented from 1 July 2011. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. The upgrading of the Municipality's electricity network has therefore become a strategic priority.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. Efforts are being made though for the current financial year to ensure the electricity section at least breaks even whilst all strategies are employed to ensure profitability of electricity distribution.

#### ***1.4.1.3 Waste Removal and Impact of Tariff Increases***

Currently solid waste removal is operating at a deficit. This means it is not generating even close enough revenue to cover its input costs. This will be attended to and it will be ensured that at least R2million is generated from Solid Waste removal. This still is not covering the input costs but is a step in the right direction.

A 6.3 per cent increase in the waste removal tariff is proposed from 1 July 2015. Any increase higher than 6.3 per cent would be counter-productive and will result in affordability challenges for individual consumers, especially residents raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2015:

**Table 6 Comparison between current waste removal fees and increases**

	PRIOR YEAR TARIFFS 2013/14	CURRENT YEAR TARIFFS 2014/15	PROPOSED TARIFFS 2015/16
	WASTE REMOVAL	WASTE REMOVAL	
<b>Basic Charge</b>			
Households	97.61	103.47	109.99
Small Businesses	206.06	218.42	232.18
Large Businesses and Government	445.48	472.21	501.96
Vacant Sites	46.36	49.14	52.24

Additional tariffs have been considered for Waste Removal considering the frequency of collection in some business and the size of the waste that is being removed.

	AMOUNTS 2015/16	AMOUNTS 2016/17	AMOUNTS 2017/18
<b>TARRIFS</b>			
<b>Refuse removal</b>			
Refuse Removal – big businesses	R514.70	R561.02	R611.51
3 times weekly			
6 times weekly	R1029.40	R1122.04	R1223.02
Refuse Removal – small businesses	R238.10	R259.53	R282.89
Refuse removal – businesses (Rural)	R238.10	R259.53	R282.89
Refuse Removal- residences	R109.68	R119.55	R130.31
Refuse Removal- vacant plots	R53.56	R58.38	R63.63
Refuse removal – Special event	R1500.00	R1635.00	R1782.15
Waste Disposal Bakkie per load	R57.77	R62.96	R68.63
Waste Disposal Truck per load	R100.00	R109.00	R118.81
<b>Penalties</b>			
Illegal Dumping -General waste	R300.00	R327.00	R356.43
Illegal Dumping – Rubble	R700.00	R763.00	R831.67
Illegal Dumping – Hazardous waste	R1000.00	R1090.00	R1188.10

#### 1.4.1.4 Other Municipal Tariffs

The municipality has other tariffs that are proposed to increase as follows:

**Table 8 Comparison between current tariffs for other services and increases**

	PRIOR YEAR	CURRENT YEAR	PROPOSED TARIFFS
--	------------	--------------	------------------

	TARIFFS 2013/14	TARIFFS 2014/15	2015/16
<b>Connection Fees</b>			
20 AMPS (Single Phase)	530.00	561.8	
60 AMPS (Single Phase)	2400.00	2544.00	
100 AMPS (Prepaid/Conventional – 3Phase)	2800.00	2968.00	
kVa	1500.00	1590.00	
<b>Reconnection Fees</b>	320.00	339.20	
<b>Meter Replacements</b>			
20 AMPS (Single Phase)	2400.00	2544.00	
60 AMPS (Single Phase)	2401.00	2545.06	
100 AMPS (Prepaid/Conventional – 3Phase)	2402.00	2546.12	
<b>Direct Tempering</b>			
First tamper			2 500.00
Second Temper			4 500.00
Third Temper			6 000.00
Fourth Temper			Permanent Disconnection
<b>Indirect Tempering</b>			
Failure to report a free electricity dispensing unit will be regarded as direct tempering			2 500.00
<b>Grass Cutting</b>			
Square Meter	10.00	10.54per sq. Meter	10.54 per m <sup>2</sup>
Travelling per KM more that 10KM from town	5.50	5.80 per km beyond the 10 <sup>th</sup> km	5.50 per km beyond the 10 <sup>th</sup> km
<b>Hall Hire</b>			
Town Meetings & Churches (Hourly Rate)	98.31	104.21	110.46
Entertainment & Workshops	245.79	260.54	276.17
Security Fee	860.27	911.89	966.60
Villages Hall Hire	220.00	233.20	245.79
Villages Security Deposit	440.00	466.40	491.58
<b>Sports Field/Stadium</b>			
Special letting			1600.00
Practice or Matches per 2 hours			120.00
Security Fee			966.60
<b>Community Park</b>			
Group entertainment			422.14
Security Fee			966.60
<b>Cemetery Fees</b>			
Adults			573.18
Children			286.59
Stillborn			112.36
Grave Digging			1 100.00
<b>Pound Fees</b>			
Admission of Guilt under Municipal By-Law (For all animals)	300	318	318.00

Storage- Cattle, Horses, Donkeys and other animals of similar size	50 per night	53 per night	56.18 per night
Goats, Sheep, and other animals of the same size	30 per night	31.8 per night	33.70 per night
If Captured by SAPS (eg, recovered stolen animals)	20 per night	21.20 per night	22.47 per night
Motor Vehicles			223.00 per night
Other Goods			40.00 per night
<b>Library Fees</b>			
Membership			
Adults – Per Annum	50	53	56.18
Children – Per Annum	30	31.8	33.71
Children 12 years and younger	-	-	
Photocopy per page	0.50	0.53	0.56
Penalties			
Overdue returns	0.60	0.64	67.84 per day
Book Tempered with	30	31.8	33.71
Lost Book	Market Value of the book	Market Value of the book	Market Value of the book
<b>Vending &amp; Hawking</b>			
Registration		135.00	
Stalls		250.00	
Street Shelters		200.00	
Street Trader		100.00	
Registration outside Town (With Stall)		80.00	
Registration inside town (With no stall)		50.00	
Bakkies Registration		300.00	
Annual Licence		500.00	

#### 1.4.1.5 Development Planning tariffs

The Development Planning department has made an in-depth review of the tariffs that it charges. This has seen a number of tariffs being introduced and some being revised.

##### Town Planning Tariffs

ACTIVITY	MLM EXISTING FEE, 2014/15	MLM PROPOSED FEE, 2015/16
News paper(s) and government gazette Advertising	none	Daily dispatch or Gov Gazette Tariff to be borne by the applicant
Rezoning Application per m <sup>2</sup>	none	
Erven 0 – 2500m <sup>2</sup>	none	R1860,00
Erven 2501 – 5000m <sup>2</sup>	none	R3460,00
Erven 5001 0 – 1 Ha	none	R6860,00
Erven 1, 0001Ha – 5Ha	none	R8960,00

Erven over 5Ha	none	R12260,00
<b>Special Consent Application m<sup>2</sup></b>	none	
Erven 0 – 2500m <sup>2</sup>	none	R1510,00
Erven 2501 – 5000m <sup>2</sup>	none	R3110,00
Erven 5001 0 – 1 Ha	none	R6510,00
Erven 1, 0001Ha – 5Ha	none	R8810,00
Erven over 5Ha	none	R11610,00
<b>Subdivision Application</b>		
1 to 100 erven	none	R5 560,00
101 to 200	none	R9 650,00
201 to 500	none	R10 880,00
501 to 1000 erven	none	R12 540,00
Erven more than 1000,	none	R200 per erf/ unit.
Departure Application from the scheme ( Building Lines, height, coverage etc)	None	
Erven 0 – 5000m <sup>2</sup>	none	R1320,00
Erven 5000– 1 more	none	R1920,00
Application for the Removal of Restrictions	none	R9250,00
Zoning Certificate	None	R120,00
Town Planning Scheme	none	R300,00
Spatial Development Framework	none	R500,00
Application for Consolidation of Erven	none	R2000,00
SG Diagram	1000.2	R1000,20
Amendment of the Subdivisional Plan	1000.2	R2579,00
Extension of Validity	1000.2	R4671,62
Sale or Lease of Land( Application fees)	none	R4 446,00
Maps	none	
A0	none	R250,00
A1	none	R200,00
A2	none	R150,00
A3	none	R60,00
A4	none	R30,00
Deeds Search	none	R10,00
Application for the amendment of the Council's Spatial Development Framework	none	R12550,00
Closure of Roads/Public Open Spaces, Sport fields.	none	R2000,00

## Building Control and Outdoor Advertising

BILLBOARD	LOCAL	2014/2015	2015/2016 @ 6%
• 1m (h) x 1.5m(h) per month		R 316,00	R 335,00
• 1.5m(h) x 2m(w) per month		R 369,00	R 391,00
• 2m(h) x 3m(w) per panel per month		R 422,00	R 447,00
• 3(m) x 4m(w) per structure per month		R 474,00	R 502,00

<b>BILLBOARD NATIONAL</b>		
• 1.5m(h) x 3m(w)	R 1,054,00	R 1,117,00
• 3m(h) x 6m(w)	R 1,581,00	R 1,676,00
• 6m(h) x 4m(w)	R 2,108,00	R 2,234,00
• 9m(h) x 6m(w)	R 5,270,00	R 5,586,00
<b>ANNUAL FEES</b>		
• Directional Sign ( Per sign face)	-	R 500,00
• Illuminated sign (per sign face )	-	R 650,00
• Litter Bins	-	R 350,00
• Permanent Street Pole Poster	-	R 550,00
• Seating Bench	-	R 550,00
• Encroaching Sign	-	R 550,00
<b>PERMIT FEES</b>		
• Banner	-	R 350,00
• Mobile Signs	-	R 1200,00
• Poster maximum 100	-	R 1000,00
• Standard signage	-	R 250,00
<b>DEPOSITS</b>		
• Banner	-	R 500,00
• For Sale	-	R 1000,00
• Poster	-	R 1000,00
• Election Poster ( per party)	-	R 5000,00

### Building Plan Fees

	2014/2015	2015/2016
<b>Extension 1 and Extension 2</b>		
Fee per 1m <sup>2</sup>	-	R 30.00
<b>Extension 3 and Extension 4 ( Low cost housing)</b>		
Fee per 1m <sup>2</sup>	-	R 23.00
Swimming Pool	-	R 400.00
Retaining /Boundary wall	-	R 400.00
Building plan elapses after a year	Full Fee	Full Fee

### Plan Amendment Fees

Amendment	2014/2015	2015/2016
No increase in floor area	-	R 460.00

### Temporary Buildings or Structures Approved by Council

Description	2014/2015	2015/2016
Storage facility per year	-	R 450.00
Container per year	-	R 450.00
Caravan per year	-	R 450.00

## Demolitions

	2014/2015	2015/2016
Per first 100 linear meter	-	R 420.00
Thereof every linear meter exceed 100 meters	-	R 30.00

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

**Table 9 Summary of operating expenditure by standard classification item**

EC443 Mbizana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Expenditure By Type</b>										
Employee related costs	2	33 114	44 883	51 290	73 042	66 278	66 278	78 598	82 921	87 316
Remuneration of councillors		14 075	16 199	16 338	18 466	18 466	18 466	19 537	20 612	21 704
Debt impairment	3	1 801	1 804	3 071	4 036	4 036	4 036	2 000	2 200	2 420
Depreciation & asset impairment	2	17 721	30 068	19 047	30 068	30 068	30 068	20 500	22 550	24 805
Finance charges		-	148	431	1 350	1 350	1 350	1 428	1 507	1 587
Bulk purchases	2	13 500	16 251	20 812	22 152	20 471	20 471	22 121	23 904	25 830
Other materials	8	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	-	-	-	-
Transfers and grants		695	614	788	3 500	3 500	3 500	3 696	3 899	4 106
Other expenditure	4, 5	44 165	74 691	77 519	255 918	294 899	294 899	196 442	194 428	194 204
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>125 071</b>	<b>184 658</b>	<b>189 296</b>	<b>408 533</b>	<b>439 067</b>	<b>439 067</b>	<b>344 322</b>	<b>352 021</b>	<b>361 972</b>
<b>Surplus/(Deficit)</b>		<b>5 950</b>	<b>(43 280)</b>	<b>(16 999)</b>	<b>(101 035)</b>	<b>(101 351)</b>	<b>(101 351)</b>	<b>(91 944)</b>	<b>(95 907)</b>	<b>(105 950)</b>
Transfers recognised - capital		41 400	59 744	62 052	67 142	67 248	67 248	69 444	71 157	78 725
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
<b>contributions</b>		<b>47 350</b>	<b>16 464</b>	<b>45 054</b>	<b>(33 893)</b>	<b>(34 103)</b>	<b>(34 103)</b>	<b>(22 500)</b>	<b>(24 750)</b>	<b>(27 225)</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>47 350</b>	<b>16 464</b>	<b>45 054</b>	<b>(33 893)</b>	<b>(34 103)</b>	<b>(34 103)</b>	<b>(22 500)</b>	<b>(24 750)</b>	<b>(27 225)</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>47 350</b>	<b>16 464</b>	<b>45 054</b>	<b>(33 893)</b>	<b>(34 103)</b>	<b>(34 103)</b>	<b>(22 500)</b>	<b>(24 750)</b>	<b>(27 225)</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>47 350</b>	<b>16 464</b>	<b>45 054</b>	<b>(33 893)</b>	<b>(34 103)</b>	<b>(34 103)</b>	<b>(22 500)</b>	<b>(24 750)</b>	<b>(27 225)</b>



The budgeted allocation for employee related costs for the 2015/16 financial year totals R78 Million. Based on the guidelines on circular 75, salaries are supposed to be factored into this budget at a percentage increase of 4,4 per cent for the 2015/16 financial year. We have however put in an increment of 5,6% considering that negotiations have in the recent past always been at that average. An annual increase of 5.8 per cent has been included in the two outer years of the MTREF. As part of the planning, all departments have been requested to submit their personnel requirements for the years budgeted for. This includes existing positions that are currently filled, vacant positions that will be filled and as such should be budgeted for. A process is also underway to review the current organisational structure to determine whether it is effective in the provision of services to the communities.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. A number of Executive Committee members have since become full time and necessary budgetary provisions have been made for this.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2015/16 financial year.

#### **Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 10 Operational repairs and maintenance**

EC443 Mbizana - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services		3 958	5 581	1 072	20 299	29 740	29 740		23 509	24 802	26 117
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	3 958	5 581	1 072	20 299	29 740	29 740	-	23 509	24 802	26 117

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance.

The repairs and maintenance also speak to the maintenance of the landfill site currently in use the landfill site to be constructed during the financial period.

An amount of R17million has been set aside in the 2015/16 financial period for the maintenance of roads. This will ensure that there is improved access to all the wards in the municipality.

### Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

**Table 11 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

EC443 Mbizana - Table A8 Cash backed reserves/accumulated surplus reconciliation

EC443 Mbizana - Table A8 Cash backed reserves/accumulated surplus reconciliation								2015/16 Medium Term Revenue & Expenditure Framework		
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	1	75 269	117 519	126 152	63 424	20 214	27 553	25 553	23 353	20 933
Other current investments > 90 days		1 763	9 096	—	(6 239)	—	(7 339)	0	0	0
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—
<b>Cash and investments available:</b>		<b>77 032</b>	<b>126 615</b>	<b>126 152</b>	<b>57 184</b>	<b>20 214</b>	<b>20 214</b>	<b>25 553</b>	<b>23 353</b>	<b>20 933</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers		5 174	12 552	4 956	—	—	—	—	—	—
Unspent borrowing		—	—	—	—	—	—	—	—	—
Statutory requirements	2	—	—	—	—	—	—	—	—	—
Other working capital requirements	3	(12 198)	11 125	10 679	(3 891)	(2 461)	(2 461)	(510)	1 571	3 861
Other provisions		—	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	—	—	—	—	—	—	—	—	—
<b>Total Application of cash and investments:</b>		<b>(7 024)</b>	<b>23 677</b>	<b>15 635</b>	<b>(3 891)</b>	<b>(2 461)</b>	<b>(2 461)</b>	<b>(510)</b>	<b>1 571</b>	<b>3 861</b>
<b>Surplus(shortfall)</b>		<b>84 057</b>	<b>102 938</b>	<b>110 518</b>	<b>61 075</b>	<b>22 675</b>	<b>22 675</b>	<b>26 064</b>	<b>21 783</b>	<b>17 073</b>

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 12 2015/16 Medium-term capital budget per vote**

EC443 Mbizana - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 5 - ENGINEERING SERVICES		-	-	-	-	-	-	-	-	-
Vote 6 - DEVELOPMENT PLANNING		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	1 000	1 000	1 000	-	-	-
Vote 2 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	6 100	6 100	6 100	3 500	3 693	1 055
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	-	5 045	4 585	4 585	5 261	5 550	2 426
Vote 5 - ENGINEERING SERVICES		-	-	-	157 113	173 493	173 493	83 475	77 979	80 464
Vote 6 - DEVELOPMENT PLANNING		-	-	-	2 164	2 164	2 164	1 292	1 363	1 435
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		-	-	-	171 421	187 342	187 342	93 528	88 585	85 381
<b>Total Capital Expenditure - Vote</b>		-	-	-	171 421	187 342	187 342	93 528	88 585	85 381
<b>Capital Expenditure - Standard</b>										
<b>Governance and administration</b>		-	-	-	7 844	7 484	7 484	4 244	4 477	1 882
Executive and council		-	-	-	1 000	1 000	1 000	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	6 844	6 484	6 484	4 244	4 477	1 882
<b>Community and public safety</b>		-	-	-	4 085	4 985	4 985	3 517	3 710	1 600
Community and social services		-	-	-	2 439	2 189	2 189	2 690	2 838	1 600
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	1 647	2 797	2 797	827	872	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	72 895	86 275	86 275	56 207	54 279	51 833
Planning and development		-	-	-	2 164	2 164	2 164	1 292	1 363	1 435
Road transport		-	-	-	70 731	84 112	84 112	54 915	52 916	50 397
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	-	86 597	88 597	88 597	29 560	26 118	30 067
Electricity		-	-	-	84 700	86 700	86 700	28 560	25 063	30 067
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1 897	1 897	1 897	1 000	1 055	-
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	-	-	-	171 421	187 342	187 342	93 528	88 585	85 381
<b>Funded by:</b>										
National Government		-	-	-	67 142	67 248	67 248	69 444	71 157	78 725
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	67 142	67 248	67 248	69 444	71 157	78 725
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	45 000	45 000	45 000	-	-	-
Internally generated funds		-	-	-	59 279	75 094	75 094	24 084	17 428	6 656
<b>Total Capital Funding</b>	<b>7</b>	-	-	-	171 421	187 342	187 342	93 528	88 585	85 381

For the 2015/16 Annual budget, an amount of R93million has been appropriated. This covers the construction of roads and other infrastructure. Electrification of villages will be done to a less extent as the funds for the INEP allocation have been pledged for a frontloading arrangement with the Development Bank of Southern Africa.

The Municipal Infrastructure Projects for the 2015/16 financial period is informed by the allocation the municipality will receive. It account for R46 million of the capital budget and the projects that will be implemented are listed in the annexure.

## 1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 13 MBRR Table A1 - Budget Summary

## EC443 Mbizana - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	6 276	7 199	9 975	15 000	15 000	15 000	23 320	24 719	26 202
Service charges	13 675	16 185	18 687	34 539	21 923	21 923	27 702	31 080	34 878
Investment revenue	3 389	4 827	5 718	5 026	7 026	7 026	6 704	7 106	7 532
Transfers recognised - operational	102 647	109 147	131 849	151 397	154 687	154 687	187 613	185 747	179 500
Other own revenue	5 035	4 020	6 068	101 536	139 079	139 079	7 039	7 462	7 909
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>131 022</b>	<b>141 378</b>	<b>172 297</b>	<b>307 497</b>	<b>337 716</b>	<b>337 716</b>	<b>252 378</b>	<b>256 114</b>	<b>256 023</b>
Employee costs	33 114	44 883	51 290	73 042	66 278	66 278	78 598	82 921	87 316
Remuneration of councillors	14 075	16 199	16 338	18 466	18 466	18 466	19 537	20 612	21 704
Depreciation & asset impairment	17 721	30 068	19 047	30 068	30 068	30 068	20 500	22 550	24 805
Finance charges	-	148	431	1 350	1 350	1 350	1 428	1 507	1 587
Materials and bulk purchases	13 500	16 251	20 812	22 152	20 471	20 471	22 121	23 904	25 830
Transfers and grants	695	614	788	3 500	3 500	3 500	3 696	3 899	4 106
Other expenditure	45 965	76 495	80 590	259 954	298 935	298 935	198 442	196 628	196 624
<b>Total Expenditure</b>	<b>125 071</b>	<b>184 658</b>	<b>189 296</b>	<b>408 533</b>	<b>439 067</b>	<b>439 067</b>	<b>344 322</b>	<b>352 021</b>	<b>361 972</b>
<b>Surplus/(Deficit)</b>	<b>5 950</b>	<b>(43 280)</b>	<b>(16 999)</b>	<b>(101 035)</b>	<b>(101 351)</b>	<b>(101 351)</b>	<b>(91 944)</b>	<b>(95 907)</b>	<b>(105 950)</b>
Transfers recognised - capital	41 400	59 744	62 052	67 142	67 248	67 248	69 444	71 157	78 725
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>47 350</b>	<b>16 464</b>	<b>45 054</b>	<b>(33 893)</b>	<b>(34 103)</b>	<b>(34 103)</b>	<b>(22 500)</b>	<b>(24 750)</b>	<b>(27 225)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>47 350</b>	<b>16 464</b>	<b>45 054</b>	<b>(33 893)</b>	<b>(34 103)</b>	<b>(34 103)</b>	<b>(22 500)</b>	<b>(24 750)</b>	<b>(27 225)</b>
<b>Capital expenditure &amp; funds sources</b>									
Capital expenditure	-	-	-	171 421	187 342	187 342	93 528	88 585	85 381
Transfers recognised - capital	-	-	-	67 142	67 248	67 248	69 444	71 157	78 725
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	45 000	45 000	45 000	-	-	-
Internally generated funds	-	-	-	59 279	75 094	75 094	24 084	17 428	6 656
<b>Total sources of capital funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>171 421</b>	<b>187 342</b>	<b>187 342</b>	<b>93 528</b>	<b>88 585</b>	<b>85 381</b>
<b>Financial position</b>									
Total current assets	90 513	142 526	147 899	71 507	34 537	34 537	42 140	37 740	32 900
Total non current assets	267 404	249 944	293 535	451 785	467 706	467 706	447 881	514 758	576 080
Total current liabilities	15 330	38 587	33 048	6 410	6 410	6 410	13 910	13 929	13 949
Total non current liabilities	-	-	5 592	57 552	57 552	57 552	5 592	5 592	5 592
Community wealth/Equity	342 587	353 883	402 795	459 330	438 280	438 280	470 519	532 977	589 438
<b>Cash flows</b>									
Net cash from (used) operating	74 341	111 852	43 283	71 032	43 743	43 743	91 528	86 385	82 961
Net cash from (used) investing	(44 382)	(71 366)	(34 650)	(171 421)	(187 342)	(187 342)	(68 528)	(68 585)	(85 381)
Net cash from (used) financing	11	-	-	45 000	45 000	45 000	(25 000)	(20 000)	-
<b>Cash/cash equivalents at the year end</b>	<b>75 269</b>	<b>117 519</b>	<b>126 152</b>	<b>63 424</b>	<b>20 214</b>	<b>27 553</b>	<b>25 553</b>	<b>23 353</b>	<b>20 933</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	77 032	126 615	126 152	57 184	20 214	20 214	25 553	23 353	20 933
Application of cash and investments	(7 024)	23 677	15 635	(3 891)	(2 461)	(2 461)	(510)	1 571	3 861
<b>Balance - surplus (shortfall)</b>	<b>84 057</b>	<b>102 938</b>	<b>110 518</b>	<b>61 075</b>	<b>22 675</b>	<b>22 675</b>	<b>26 064</b>	<b>21 783</b>	<b>17 073</b>
<b>Asset management</b>									
Asset register summary (WDV)	8 001	268 939	293 535	451 785	467 706	467 706	447 881	514 758	576 080
Depreciation & asset impairment	17 721	30 068	19 047	30 068	30 068	30 068	20 500	22 550	24 805
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	3 958	5 581	1 072	20 299	29 740	29 740	23 509	24 802	26 117
<b>Free services</b>									
Cost of Free Basic Services provided	-	-	-	280	280	280	280	280	280
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	6	6	6	6	6	6
Refuse:	-	-	-	48	48	48	48	48	48

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts for possible approval by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Efforts have been made in compiling the budget to ensure that the budget is cash backed. This is reflected by the positive cash flows that the municipality has. This requires the municipality to maintain its prudence to ensure that positive cashflows are maintained over the long term whilst ensuring that there is spending on projects that make a difference to people's livelihoods.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

EC443 Mbizana - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		114 171	121 336	148 832	219 754	258 437	258 437	216 037	216 982	213 023
Executive and council		150	200	281	-	-	-	-	-	-
Budget and treasury office		113 743	120 859	148 339	219 387	258 041	258 041	215 820	216 752	212 780
Corporate services		277	276	213	367	397	397	217	230	244
<i>Community and public safety</i>		315	257	768	658	658	658	1 016	1 075	861
Community and social services		48	98	293	340	340	340	614	649	409
Sport and recreation		-	-	-	-	-	-	83	88	93
Public safety		266	159	153	318	318	318	319	338	359
Housing		-	-	323	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		33 260	34 354	46 629	49 125	52 521	52 521	50 098	52 107	54 896
Planning and development		367	885	631	585	585	585	212	231	120
Road transport		32 893	33 469	45 999	48 540	48 646	48 646	49 887	51 876	54 776
Environmental protection		-	-	-	-	3 290	3 290	-	-	-
<i>Trading services</i>		24 676	45 176	38 120	105 103	93 348	93 348	54 671	57 107	65 967
Electricity		23 797	43 441	35 855	102 903	91 148	91 148	51 634	54 948	63 678
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		879	1 735	2 265	2 200	2 200	2 200	3 037	2 159	2 289
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>2</b>	<b>172 422</b>	<b>201 122</b>	<b>234 349</b>	<b>374 640</b>	<b>404 963</b>	<b>404 963</b>	<b>321 822</b>	<b>327 271</b>	<b>334 747</b>
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		73 663	99 878	103 262	143 881	151 034	151 034	142 649	149 815	153 851
Executive and council		29 647	41 576	47 662	54 552	55 790	55 790	58 236	61 439	64 696
Budget and treasury office		13 797	45 575	37 833	53 865	60 217	60 217	45 789	47 628	49 136
Corporate services		30 219	12 726	17 768	35 464	35 027	35 027	38 624	40 748	40 019
<i>Community and public safety</i>		8 286	9 005	11 361	24 091	22 486	22 486	26 168	27 654	26 536
Community and social services		7 442	7 900	9 697	19 839	17 086	17 086	21 365	22 587	22 119
Sport and recreation		-	-	99	105	105	105	311	328	346
Public safety		844	1 105	1 445	4 147	5 294	5 294	4 492	4 739	4 072
Housing		-	-	121	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		11 373	16 344	13 142	114 341	138 841	138 841	102 428	103 011	103 029
Planning and development		2 708	4 387	5 828	14 685	14 521	14 521	14 240	15 031	15 703
Road transport		8 117	11 710	7 284	98 634	119 758	119 758	87 105	86 837	86 123
Environmental protection		548	247	30	1 022	4 562	4 562	1 083	1 142	1 203
<i>Trading services</i>		31 750	59 431	61 531	126 220	126 706	126 706	73 077	71 540	78 556
Electricity		24 929	53 216	49 992	111 328	113 226	113 226	57 945	56 631	63 967
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		6 821	6 215	11 540	14 892	13 480	13 480	15 132	14 909	14 589
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>3</b>	<b>125 071</b>	<b>184 658</b>	<b>189 296</b>	<b>408 533</b>	<b>439 067</b>	<b>439 067</b>	<b>344 322</b>	<b>352 021</b>	<b>361 972</b>
<b>Surplus/(Deficit) for the year</b>		<b>47 350</b>	<b>16 464</b>	<b>45 054</b>	<b>(33 893)</b>	<b>(34 103)</b>	<b>(34 103)</b>	<b>(22 500)</b>	<b>(24 750)</b>	<b>(27 225)</b>

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**



**Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

EC443 Mbizana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote		1									
Vote 1 - EXECUTIVE & COUNCIL			150	200	281	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY			113 743	120 859	148 405	219 387	258 041	258 041	215 820	216 752	212 780
Vote 3 - CORPORATE SERVICES			277	276	213	367	397	397	217	230	244
Vote 4 - COMMUNITY & SOCIAL SERVICES			3 072	4 478	4 466	5 691	8 981	8 981	6 699	6 038	6 122
Vote 5 - ENGINEERING SERVICES			55 179	75 309	80 362	148 998	137 348	137 348	98 942	104 090	115 557
Vote 6 - DEVELOPMENT PLANNING			-	-	623	197	197	197	145	160	45
Vote 7 - [NAME OF VOTE 7]			-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]			-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]			-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]			-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]			-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]			-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]			-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Revenue by Vote		2	172 422	201 122	234 349	374 640	404 963	404 963	321 822	327 271	334 747
Expenditure by Vote to be appropriated		1									
Vote 1 - EXECUTIVE & COUNCIL			29 647	41 576	47 662	54 552	55 790	55 790	58 236	61 439	64 696
Vote 2 - BUDGET & TREASURY			13 797	45 575	37 833	53 865	60 217	60 217	45 789	47 628	49 136
Vote 3 - CORPORATE SERVICES			30 219	12 726	17 768	34 720	34 643	34 643	37 880	39 963	39 193
Vote 4 - COMMUNITY & SOCIAL SERVICES			21 652	20 343	23 665	41 462	41 015	41 015	45 998	47 520	46 343
Vote 5 - ENGINEERING SERVICES			29 756	64 438	57 582	210 643	235 595	235 595	142 818	141 114	147 611
Vote 6 - DEVELOPMENT PLANNING			-	-	4 787	13 291	11 807	11 807	13 602	14 357	14 994
Vote 7 - [NAME OF VOTE 7]			-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]			-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]			-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]			-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]			-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]			-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]			-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		2	125 071	184 658	189 296	408 533	439 067	439 067	344 322	352 021	361 972
Surplus/(Deficit) for the year		2	47 350	16 464	45 054	(33 893)	(34 103)	(34 103)	(22 500)	(24 750)	(27 225)

Listed in the table above are the revenue and expenditure classifications for all the departments within the municipality.

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table 16 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

EC443 Mbizana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>											
Property rates	2		6 276	7 199	9 975	15 000	15 000	15 000	23 320	24 719	26 202
Property rates - penalties & collection charges											
Service charges - electricity revenue	2		12 786	15 192	17 576	33 328	20 712	20 712	25 689	28 946	32 617
Service charges - water revenue	2		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2		879	985	1 035	1 200	1 200	1 200	2 001	2 121	2 249
Service charges - other			9	8	76	11	11	11	12	12	13
Rental of facilities and equipment			1 804	1 046	809	729	779	779	796	844	894
Interest earned - external investments			3 389	4 827	5 718	5 026	7 026	7 026	6 704	7 106	7 532
Interest earned - outstanding debtors			64	364	495	97	117	117	1 083	1 148	1 217
Dividends received			-	-	-	-	-	-	-	-	-
Fines			277	295	356	527	1 327	1 327	1 257	1 333	1 412
Licences and permits			993	1 145	1 203	2 333	2 333	2 333	2 041	2 163	2 293
Agency services			647	587	618	849	879	879	687	728	772
Transfers recognised - operational			102 647	109 147	131 849	151 397	154 687	154 687	187 613	185 747	179 500
Other revenue	2		1 249	584	2 586	97 000	133 644	133 644	1 176	1 246	1 321
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)			131 022	141 378	172 297	307 497	337 716	337 716	252 378	256 114	256 023
<b>Expenditure By Type</b>											
Employee related costs	2		33 114	44 883	51 290	73 042	66 278	66 278	78 598	82 921	87 316
Remuneration of councillors			14 075	16 199	16 338	18 466	18 466	18 466	19 537	20 612	21 704
Debt impairment	3		1 801	1 804	3 071	4 036	4 036	4 036	2 000	2 200	2 420
Depreciation & asset impairment	2		17 721	30 068	19 047	30 068	30 068	30 068	20 500	22 550	24 805
Finance charges			-	148	431	1 350	1 350	1 350	1 428	1 507	1 587
Bulk purchases	2		13 500	16 251	20 812	22 152	20 471	20 471	22 121	23 904	25 830
Other materials	8		-	-	-	-	-	-	-	-	-
Contracted services			-	-	-	-	-	-	-	-	-
Transfers and grants			695	614	788	3 500	3 500	3 500	3 696	3 899	4 106
Other expenditure	4, 5		44 165	74 691	77 519	255 918	294 899	294 899	196 442	194 428	194 204
Loss on disposal of PPE											
Total Expenditure			125 071	184 658	189 296	408 533	439 067	439 067	344 322	352 021	361 972
<b>Surplus/(Deficit)</b>											
			5 950	(43 280)	(16 999)	(101 035)	(101 351)	(101 351)	(91 944)	(95 907)	(105 950)
Transfers recognised - capital	6		41 400	59 744	62 052	67 142	67 248	67 248	69 444	71 157	78 725
Contributions recognised - capital			-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions			47 350	16 464	45 054	(33 893)	(34 103)	(34 103)	(22 500)	(24 750)	(27 225)
Taxation											
Surplus/(Deficit) after taxation			47 350	16 464	45 054	(33 893)	(34 103)	(34 103)	(22 500)	(24 750)	(27 225)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality			47 350	16 464	45 054	(33 893)	(34 103)	(34 103)	(22 500)	(24 750)	(27 225)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year			47 350	16 464	45 054	(33 893)	(34 103)	(34 103)	(22 500)	(24 750)	(27 225)

**Table 17 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

EC443 Mbizana - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 5 - ENGINEERING SERVICES		-	-	-	-	-	-	-	-	-
Vote 6 - DEVELOPMENT PLANNING		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	1 000	1 000	1 000	-	-	-
Vote 2 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	6 100	6 100	6 100	3 500	3 693	1 055
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	-	5 045	4 585	4 585	5 261	5 550	2 426
Vote 5 - ENGINEERING SERVICES		-	-	-	157 113	173 493	173 493	83 475	77 979	80 464
Vote 6 - DEVELOPMENT PLANNING		-	-	-	2 164	2 164	2 164	1 292	1 363	1 435
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		-	-	-	171 421	187 342	187 342	93 528	88 585	85 381
<b>Total Capital Expenditure - Vote</b>		-	-	-	171 421	187 342	187 342	93 528	88 585	85 381
<b>Capital Expenditure - Standard</b>										
<b>Governance and administration</b>		-	-	-	7 844	7 484	7 484	4 244	4 477	1 882
Executive and council		-	-	-	1 000	1 000	1 000	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	6 844	6 484	6 484	4 244	4 477	1 882
<b>Community and public safety</b>		-	-	-	4 085	4 985	4 985	3 517	3 710	1 600
Community and social services		-	-	-	2 439	2 189	2 189	2 690	2 838	1 600
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	1 647	2 797	2 797	827	872	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	72 895	86 275	86 275	56 207	54 279	51 833
Planning and development		-	-	-	2 164	2 164	2 164	1 292	1 363	1 435
Road transport		-	-	-	70 731	84 112	84 112	54 915	52 916	50 397
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	-	86 597	88 597	88 597	29 560	26 118	30 067
Electricity		-	-	-	84 700	86 700	86 700	28 560	25 063	30 067
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1 897	1 897	1 897	1 000	1 055	-
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	-	-	-	171 421	187 342	187 342	93 528	88 585	85 381
<b>Funded by:</b>										
National Government		-	-	-	67 142	67 248	67 248	69 444	71 157	78 725
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital	<b>4</b>	-	-	-	67 142	67 248	67 248	69 444	71 157	78 725
Public contributions & donations	<b>5</b>	-	-	-	-	-	-	-	-	-
Borrowing	<b>6</b>	-	-	-	45 000	45 000	45 000	24 084	17 428	6 656
Internally generated funds		-	-	-	59 279	75 094	75 094	-	-	-
<b>Total Capital Funding</b>	<b>7</b>	-	-	-	171 421	187 342	187 342	93 528	88 585	85 381

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Table 18 MBRR Table A6 - Budgeted Financial Position

EC443 Mbizana - Table A6 Budgeted Financial Position

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
ASSETS												
Current assets												
Cash			3 748	10 130	2 988	1 751	1 751	1 751	4 654	4 654	4 654	
Call investment deposits	1		73 284	116 485	123 164	55 434	18 464	18 464	20 899	18 699	16 279	
Consumer debtors	1		8 861	9 599	13 344	9 599	9 599	9 599	10 572	8 372	5 952	
Other debtors			2 771	4 470	5 794	2 882	2 882	2 882	3 979	3 979	3 979	
Current portion of long-term receivables			1 757	1 495	1 720	1 495	1 495	1 495	1 617	1 617	1 617	
Inventory	2		91	347	889	347	347	347	418	418	418	
Total current assets			90 513	142 526	147 899	71 507	34 537	34 537	42 140	37 740	32 900	
Non current assets												
Long-term receivables												
Investments												
Investment property			8 001	5 544	7 542	5 544	5 544	5 544	8 297	9 126	9 856	
Investment in Associate												
Property, plant and equipment	3		259 403	244 400	285 904	446 241	462 161	462 161	439 496	505 530	566 106	
Agricultural												
Biological												
Intangible					88				88	102	117	
Other non-current assets												
Total non current assets			267 404	249 944	293 535	451 785	467 706	467 706	447 881	514 758	576 080	
TOTAL ASSETS			357 917	392 470	441 434	523 292	502 242	502 242	490 021	552 498	608 979	
LIABILITIES												
Current liabilities												
Bank overdraft	1											
Borrowing	4		-	-	-	-	-	-	-	-	-	
Consumer deposits			326	403	420	403	403	403	439	458	478	
Trade and other payables	4		10 499	32 505	32 425	328	328	328	13 269	13 269	13 269	
Provisions			4 506	5 679	203	5 679	5 679	5 679	203	203	203	
Total current liabilities			15 330	38 587	33 048	6 410	6 410	6 410	13 910	13 929	13 949	
Non current liabilities												
Borrowing			-	-	-	57 552	57 552	57 552	-	-	-	
Provisions			-	-	5 592	-	-	-	5 592	5 592	5 592	
Total non current liabilities			-	-	5 592	57 552	57 552	57 552	5 592	5 592	5 592	
TOTAL LIABILITIES			15 330	38 587	38 639	63 962	63 962	63 962	19 502	19 521	19 541	
NET ASSETS			5	342 587	353 883	402 795	459 330	438 280	438 280	470 519	532 977	589 438
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			274 477	249 951	402 795	403 896	419 817	419 817	449 620	514 278	573 160	
Reserves	4		68 110	103 933	-	55 434	18 464	18 464	20 899	18 699	16 279	
Minorities' interests												
TOTAL COMMUNITY WEALTH/EQUITY			5	342 587	353 883	402 795	459 330	438 280	438 280	470 519	532 977	589 438

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

EC443 Mbizana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	1	75 269	117 519	126 152	63 424	20 214	27 553	25 553	23 353	20 933
Other current investments > 90 days		1 763	9 096	-	(6 239)	-	(7 339)	0	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>77 032</b>	<b>126 615</b>	<b>126 152</b>	<b>57 184</b>	<b>20 214</b>	<b>20 214</b>	<b>25 553</b>	<b>23 353</b>	<b>20 933</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers		5 174	12 552	4 956	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-
Statutory requirements	2									
Other working capital requirements	3	(12 198)	11 125	10 679	(3 891)	(2 461)	(2 461)	(510)	1 571	3 861
Other provisions										
Long term investments committed	4	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5									
<b>Total Application of cash and investments:</b>		<b>(7 024)</b>	<b>23 677</b>	<b>15 635</b>	<b>(3 891)</b>	<b>(2 461)</b>	<b>(2 461)</b>	<b>(510)</b>	<b>1 571</b>	<b>3 861</b>
<b>Surplus(shortfall)</b>		<b>84 057</b>	<b>102 938</b>	<b>110 518</b>	<b>61 075</b>	<b>22 675</b>	<b>22 675</b>	<b>26 064</b>	<b>21 783</b>	<b>17 073</b>

**Table 19 MBRR Table A7 – Budgeted Cash Flows**

EC443 Mbizana - Table A7 Budgeted Cash Flows

EC443 mbizana - Table A7 Budgeted Cash Flows										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates, penalties & collection charges		37 639	17 197	30 470	12 618	12 090	12 090	21 320	22 519	23 782
Service charges					34 539	21 923	21 923	27 702	31 080	34 878
Other revenue					3 911	5 318	5 318	5 957	6 314	6 693
Government - operating	1	101 411	110 551	126 082	151 397	154 687	154 687	187 613	185 747	179 500
Government - capital	1	29 758	52 992	60 297	67 142	67 142	67 142	69 444	71 157	78 725
Interest		3 453	5 008	6 213	4 433	6 453	6 453	7 786	8 253	8 749
Dividends								-	-	-
<b>Payments</b>										
Suppliers and employees		(97 920)	(73 733)	(179 348)	(198 158)	(219 021)	(219 021)	(223 170)	(233 280)	(243 674)
Finance charges			(163)	(431)	(1 350)	(1 350)	(1 350)	(1 428)	(1 507)	(1 587)
Transfers and Grants	1				(3 500)	(3 500)	(3 500)	(3 696)	(3 899)	(4 106)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>74 341</b>	<b>111 852</b>	<b>43 283</b>	<b>71 032</b>	<b>43 743</b>	<b>43 743</b>	<b>91 528</b>	<b>86 385</b>	<b>82 961</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE								-	-	-
Decrease (Increase) in non-current debtors								-	-	-
Decrease (increase) other non-current receivables								-	-	-
Decrease (increase) in non-current investments								-	-	-
<b>Payments</b>										
Capital assets		(44 382)	(71 366)	(34 650)	(171 421)	(187 342)	(187 342)	(68 528)	(68 585)	(85 381)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(44 382)</b>	<b>(71 366)</b>	<b>(34 650)</b>	<b>(171 421)</b>	<b>(187 342)</b>	<b>(187 342)</b>	<b>(68 528)</b>	<b>(68 585)</b>	<b>(85 381)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-	-	-
Borrowing long term/refinancing					45 000	45 000	45 000	-	-	-
Increase (decrease) in consumer deposits	11							-	-	-
<b>Payments</b>										
Repayment of borrowing								(25 000)	(20 000)	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>11</b>	<b>-</b>	<b>-</b>	<b>45 000</b>	<b>45 000</b>	<b>45 000</b>	<b>(25 000)</b>	<b>(20 000)</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>29 970</b>	<b>40 486</b>	<b>8 634</b>	<b>(55 390)</b>	<b>(98 599)</b>	<b>(98 599)</b>	<b>(2 000)</b>	<b>(2 200)</b>	<b>(2 420)</b>
Cash/cash equivalents at the year begin:	2	45 299	77 032	117 519	118 814	118 814	126 152	27 553	25 553	23 353
Cash/cash equivalents at the year end:	2	75 269	117 519	126 152	63 424	20 214	27 553	25 553	23 353	20 933

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

## Part 2 – Supporting Documentation

### 2.1 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

#### 2.1.1 Review of credit control and debt collection policy

The credit control and debt collection policy was last reviewed with the preparation of the budget for the 2014/15 budget. This requires to be reviewed annually with the preparation of the annual budget and the MTREF. The review of the policy should go with the changing circumstances that are happening within the municipality. This ensures that the percentage that gets collected as a result of the effective policy is realised.

### **2.1.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

### **2.1.3 Supply Chain Management Policy**

The municipality committed in advancing the Secondary procurement goals as provided for under Section 217 of the Constitution and the PPPFA. To ensure the attainment of the secondary goals, the municipality shall ensure that each procurement demand made from each department shall develop a procurement strategy together with the specifications for the project. The envisaged procurement strategy must take into account the direct and indirect procurement system to be used.

The municipality shall further applied a pre-qualification procurement system as a fair competitive procurement mechanism that supports emerging and small contractors/ service providers across all our services. A review needs to be made to this policy to ascertain whether it is achieving the goals that it was set out to achieve.

### **2.1.4 Budget Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget policy was also last reviewed in the budget preparation process for the 2014/15 financial period.

### **2.1.5 Cash Management and Investment Policy**



The municipality's cash management and investment policy looks at the daily management of cash and the handling of the excess cash that could be available. This talks to the types of accounts that the excess cash is deposited into.

## 2.1.6 Tariff Policies

The municipality's tariff policy provides a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy has also been reviewed in the past together with other budget related policies, but this gives the council

## 2.2 Councillor and employee benefits

**Table 20 MBRR SA22 - Summary of councillor and staff benefits**

EC443 Mbizana - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages			10 244	11 157	12 463	12 463	12 463	13 186	13 911	14 648
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance			2 977	3 448	3 870	3 870	3 870	4 095	4 320	4 549
Cellphone Allowance			757	899	1 360	1 360	1 360	1 438	1 517	1 598
Housing Allowances										
Other benefits and allowances			1 059	834	774	774	774	818	863	909
<b>Sub Total - Councillors</b>		-	15 037	16 338	18 466	18 466	18 466	19 537	20 612	21 704
% increase	4		-	8.7%	13.0%	-	-	5.8%	5.5%	5.3%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages			7 813	3 392	6 031	3 765	3 765	3 983	4 194	4 416
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3		762	528						
Cellphone Allowance	3				58	168	168	177	187	197
Housing Allowances	3									
Other benefits and allowances	3				5 496	1 929	1 929	2 041	2 149	2 263
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>		-	8 575	3 921	11 585	5 861	5 861	6 201	6 530	6 876
% increase	4		-	(54.3%)	195.5%	(49.4%)	-	5.8%	5.3%	5.3%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages			26 802	34 452	44 881	40 497	40 497	50 098	52 861	55 663
Pension and UIF Contributions			1 959	2 712	4 398	4 041	4 041	4 653	4 909	5 170
Medical Aid Contributions			1 238	1 366	2 663	2 970	2 970	2 817	2 972	3 130
Overtime			276	455	810	786	786	518	547	576
Performance Bonus										
Motor Vehicle Allowance	3		640	2 208	5 043	5 537	5 537	5 336	5 629	5 927
Cellphone Allowance	3		256	410	691	518	518	615	649	684
Housing Allowances	3		791	1 564	2 961	2 495	2 495	3 150	3 323	3 499
Other benefits and allowances	3		3 837	4 203	10	3 572	3 572	5 209	5 500	5 791
Payments in lieu of leave										
Long service awards			206							
Post-retirement benefit obligations	6									
<b>Sub Total - Other Municipal Staff</b>		-	36 004	47 369	61 458	60 416	60 416	72 397	76 392	80 440
% increase	4		-	31.6%	29.7%	(1.7%)	-	19.8%	5.5%	5.3%
<b>Total Parent Municipality</b>		-	59 615	67 628	91 509	84 744	84 744	98 135	103 533	109 021

## 2.3 Municipal manager's quality certificate

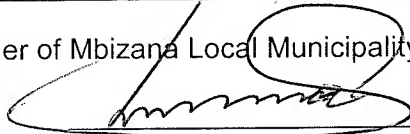
I ....., municipal manager of Mbizana Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name

Luvuyo MALLAKA

Municipal manager of Mbizana Local Municipality (EC443)

Signature



Date

31-03-2015